

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Heather Wood  
Deputy Minister of Finance

**Date Requested:** December 23<sup>rd</sup>, 2020  
**Date Required:** December 23<sup>rd</sup>, 2020

**Initiated by:** Steve Hawkshaw

**Date Prepared:** December 23<sup>rd</sup>, 2020

**Ministry  
Contact:** Mark Perry

**Phone Number:** 778-698-9481  
**Email:** Mark.Perry@gov.bc.ca

**Cliff #:** 477852

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**TITLE:** Pan-Canadian Framework Interim Carbon Pricing Report and Appendix on Competitiveness and Carbon Leakage

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**PURPOSE:**

**(X) FOR INFORMATION**

**DATE PREPARED:** December 23<sup>rd</sup>, 2020

**TITLE:** Pan-Canadian Framework Interim Carbon Pricing Report and Appendix on Competitiveness and Carbon Leakage

**ISSUE:** The federal government is seeking preliminary approval from B.C. for its interim carbon pricing report, as well as an appendix on competitiveness and carbon leakage.

**BACKGROUND:**

- The Pan-Canadian Framework on Clean Growth and Climate Change commits to an interim report on carbon pricing, to be completed by the end of 2020 and then subsequently reviewed by first ministers.
- As an additional early deliverable, the Framework also commits to assessing approaches and best practices to address the competitiveness of emissions-intensive trade-exposed (EITE) sectors.
- In line with these commitments the federal government has submitted to us the attached interim Pan-Canadian Approach to Pricing Carbon Pollution, which includes profiles of the carbon-pricing systems in each province and territory.
- Also attached is an appendix to the report titled Addressing Competitiveness and Carbon Leakage Risks Under Carbon Pollution Pricing, which addresses competitiveness issues for EITE industries.
- In the first week of January the Privy Council Office will circulate the report to their provincial and territorial government counterparts for sharing with their respective first ministers' offices.
- After receiving political level feedback, the federal government intends to post the reports online early in 2021.

**DISCUSSION:**

- At this time the federal government is only seeking sign-off from the FPT steering committee that has overseen the development of the reports.
- The Ministry of Environment co-chairs this steering committee and will provide staff-level approval for B.C.
  - The B.C. specific content in both reports has been reviewed and approved by the Climate Action Secretariat.
  - Tax Policy Branch and Treasury Board staff have also had the opportunity to review the reports.
  - The reports are fact-based and technical in nature and staff have no concerns regarding their accuracy.
- Given that there will be an opportunity in early January to provide further input on these reports, no further action is currently necessary.

- These two reports feed into a final report on the approach to carbon pricing, including the stringency and effectiveness of its implementation, which is being developed and is due to be completed in 2022.
- In this final report a third-party study will compare the carbon pricing systems across the country in terms of their price level, as well as their effectiveness and efficiency at reducing greenhouse gasses.
- The final report will be ready for staff and political level review in early 2021 and has not yet been reviewed by FIN staff.<sup>s.13</sup>

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Selina Robinson  
Minister of Finance

**Date Requested:** January 15, 2021  
**Date Required:** January 25, 2021

**Initiated by:** Honourable Selina Robinson  
Minister of Finance

**Date Prepared:** January 18, 2021

**Ministry Contact:** Brad Snell  
Strategic Advisor  
Tax Policy Branch

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**Cliff #:** 478533

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**TITLE:** Speculation and Vacancy Tax Exemption for Properties with Rental Restrictions

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**PURPOSE:** FOR INFORMATION

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**DATE PREPARED:** January 18, 2021

**TITLE:** Speculation and Vacancy Tax Exemption for Properties with Rental Restrictions

**ISSUE:** The speculation and vacancy tax rental restriction ban is set to expire at the end of the 2021 calendar year.

**BACKGROUND:**

Section 51 of the *Speculation and Vacancy Tax Act* (SVTA) exempts properties from the tax where a strata bylaw or covenant under the *Land Titles Act* prevents the owner from renting the property to an arm's length tenant.

The exemption in the SVTA applies to the 2018 and 2019 calendar years. In 2019, the exemption was extended by regulation to apply to the 2020 and 2021 calendar years. The extension is therefore set to expire at the end of this calendar year (owners will be able to claim the exemption on their declaration in 2022, when they declare for the 2021 tax/calendar year).

For the 2018 and 2019 tax year, there were 3,951 and 3,603 properties, respectively, that had an owner who claimed the rental restriction exemption. There was an 8.8% drop in the number of properties that had a rental restriction exemption claimed on it from 2018 to 2019. Data for the 2020 calendar year will be available after declarations are due on March 31, 2021.

s.12; s.13

**DISCUSSION:**

There are two key qualifications for the rental restriction exemption:

1. the owner must have owned the property prior to October 16, 2018, and
2. the restriction must already have been in place prior to October 16, 2018.

The exemption does not apply to new owners and will not apply to new buildings or to new bylaws that are created after October 16, 2018.

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## **APPENDIX A**

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## Ministry of Finance

## BRIEFING DOCUMENT

**To:** Honourable Selina Robinson  
Minister of Finance

**Date Requested:** December 8, 2020  
**Date Required:** January 22, 2021

**Initiated by:** Richard Purnell  
A/Assistant Deputy Minister  
Policy and Legislation Division

**Date Prepared:** January 19, 2021

**Ministry Contact:** Andrew Lee  
Strategic Advisor  
Tax Policy and Intergovernmental  
Fiscal Relations Branch

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**Cliff #:** 397361

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**TITLE:** BC Recovery Benefit – Minors on Assistance

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**PURPOSE:**  
**(X) DECISION REQUIRED**

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**DATE PREPARED:** December 8, 2020

**TITLE:** BC Recovery Benefit – Minors on Assistance

**ISSUE:** Whether to provide the BC Recovery Benefit to minors who are receiving assistance from SDPR.

**BACKGROUND:**

The BC Recovery Benefit provides a one-time income tested benefit of up to \$500 to single individuals and up to \$1,000 for families.

The former Minister of Finance directed that eligibility for the benefit be restricted to individuals who are 19 years or older, with the exception that minors can receive the benefit if they are married, in a common-law relationship, or have a child. This approach is consistent with most other tax benefits and recognizes that the intent of the government's election commitment was generally to provide benefits to adults.

*Minors receiving assistance from SDPR*

In rare circumstances where minors are not being supported by their parents, and they are not in the care of the Ministry of Children and Family Development (MCFD), the minor can apply to SDPR for assistance. SDPR will make assistance payments to those minors in the short-term and follow up with the Ministry of Children and Family Development to ensure the children get into care.

SDPR reports that there are currently approximately 820 minors in this situation who currently receive income, disability or hardship assistance. Of these children, approximately 20 would be eligible for the BC Recovery Benefit because they have a spouse, common-law partner or child. The remaining 800 minors would not qualify for the benefit.

**DISCUSSION:**

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**OPTIONS:**

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**RECOMMENDATION:**

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**APPROVED / NOT APPROVED**



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Selina Robinson  
Minister of Finance

January 22, 2021

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Date

## Ministry of Finance

## BRIEFING DOCUMENT

**To:** Honourable Selina Robinson  
Minister of Finance

**Date Requested:** December 12, 2020

**Date Required:** January 4, 2021

**Initiated by:**

**Date Prepared:** December 12, 2020

**Ministry  
Contact:** Chris Bordeleau

**Phone Number:** 778-698-8165  
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**Cliff #:** 478280

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**TITLE:** Overview of the Child Care BC strategy and the Ministry of Children and Family Development's child care programs

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**PURPOSE:**

**(X) FOR INFORMATION**

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**BACKGROUND:**

- The Child Care BC Strategy is a 10-year plan to implement universal child care that focuses on improving child care affordability, accessibility, and quality.
- Affordability measures provide operating funding to child care providers in order to reduce monthly fees for families or provide funding directly to families to offset the operating costs of child care providers. Examples include the Affordable Child Care Benefit and Child Care Operating Funding, respectively.
- Accessibility measures aim to increase the number of child care spaces in B.C. CFD's main accessibility program is the New Spaces Fund, which provides operating funding for new child care space projects.
- Quality measures aim to increase the number of licensed child care spaces in the province and to boost recruitment and retention of early childhood educators (ECEs). Examples include the ECE Wage Enhancement and Start Up Grants to help unlicensed child care providers become licensed.
- A detailed list of child care programs is attached as Appendix A.

- Through *Budget 2018*, CFD received \$977M over three years (2018/19, 2019/20, 2020/21) to implement the first three years of the strategy. Investments were focused on:
  - Expanding the means-tested child care subsidy, which was rebranded as the Affordable Child Care Benefit (ACCB);
  - Providing a non-means tested fee reduction to parents using licensed child care through the Child Care Fee Reduction Initiative;
  - Funding to create 22,000 new child care spaces; and,
  - Funding to train, retain, and recruit early childhood educators (ECEs).

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**Table 1:** Child care programs budget and actual spending – 2018/19 to 2020/21

(\$ millions)	2018/19	2019/20	2020/21
Estimates budget	405.89	585.97	674.40
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s.17	* Drawn from CFD's Q2 forecast		

**DISCUSSION:**

*Challenges*

- Recruitment and retention of ECEs is an ongoing policy issue. Wages for ECEs remain low and many have no benefits. Many ECEs leave for jobs with higher pay or benefits in other sectors. s.13

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- s.17 government is still on track to meet its goal of funding 22,000 new child care spaces by the end of 2020/21; as of September 2020, CFD projected it would reach 23,037 spaces by the end of the fiscal year.s.17

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### Next Steps

- The current implementation plan for Years 1 to 3 of Child Care BC ends in 2020/21.s.13

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**Table 2:** Current and proposed end state of universal child care

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Current	s.12; s.13
Responsibility shared between multiple ministries (CFD, HLTH, and EDUC)	
All public sector entities, Indigenous governments, non-profits, home-based, and for-profit organizations. Unlicensed and home-based providers eligible for grants to become licensed.	
Current	

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Most families below low-income threshold receive free/low cost child care. Middle-income families receive partial/pro-rated support. Remainder pays full-market cost.

All public sector, Indigenous government, non-profit, home-based, and for-profit providers, provided they are licensed.

- Government has committed to transfer child care programs to the Ministry of Education (EDUC) by 2023. s.12; s.13  
s.12; s.13

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#### *Partnership with the federal government*

- In 2017/18, B.C. entered into the Early Learning and Child Care Agreement (ELCC) with the federal government. Under the agreement, B.C. receives funding for the full cost of several provincial child care programs, such as the \$10/day prototype sites (the ELCC-funded programs are identified in Appendix A).
- B.C. will receive approximately \$55M in federal funding under the ELCC agreement in 2020/21.
- The ELCC Agreement expired on March 31, 2020. In September 2020, the agreement was extended to March 31, 2021 to secure funding for programs in 2020/21. Both B.C. and the federal government intend to negotiate a new agreement to maintain these programs beyond 2020/21. However, the federal government has not indicated when these negotiations will start.
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## Appendix A – Overview of CFD's child care programs

Program	Funding source(s)	Description
New Spaces Fund	Provincial	Application-based program that provides operating funding for new child care spaces. NSF is the largest contributor to provincial goal of 22,000 new child care spaces. CFD receives applications twice a year via closed intakes.
Startup Grants	Provincial	Provides grants for unlicensed child care providers who wish to become licensed.
Affordable Child Care Benefit	Provincial	Monthly, income-tested benefit paid directly to families to help with the cost of child care.
Child Care Operating Funding (CCOF) – CCOF Base Funding	Provincial	Funding for child care providers to assist with operating costs. Amount is based on the applicable rate for their licence type and the number of children enrolled each month.
CCOF - Child Care Fee Reduction Initiative (CCFRI)	Provincial	Provides additional operating funding to child care providers to reduce and stabilize monthly fees to parents. Amount ranges from \$60/month to \$350/month based on the type of space and the age range.
CCOF - Early Childhood Educator Wage Enhancement	Provincial	Provides funding for a \$2/hour wage enhancement for licensed ECEs working in child care facilities. Funding is included with providers' monthly operating funding.
\$10/day prototype sites	Federal	This trial program created 2,500 child care spaces across B.C. with a maximum monthly fee of \$200 per month; potentially no cost for low-income families. <sup>s.13</sup>
ECE Education Support Fund	Federal	Provides bursaries to increase the number of ECE students entering and graduating from recognized post-secondary programs.
Aboriginal Head Start	Federal	Provides funding for the Aboriginal Head Start Association of B.C., which operates 12 child care sites in urban areas across B.C.
Supported child development	Provincial / Federal	Provides support to families of children who require additional support to access child care (e.g., children with support needs)
Young Parent Program	Federal	Provides funding for parents under age 25 to help with child care while finishing high school.
Child Care Resource and Referral program	Provincial	Provides a referral program to help families find child care and resources, information, and training to providers to enhance quality.